

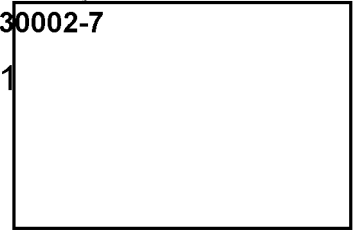


Director of
Intelligence

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National Intelligence Daily (Cable)

15 May 1979

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BRIEFS AND COMMENTS

YUGOSLAVIA: Delegation to Moscow

The reported inclusion of Stane Dolanc, secretary of the party Presidium, and Foreign Minister Josip Vrhovec in the delegation accompanying President Tito to Moscow this week suggests the Yugoslavs are preparing for difficult talks. Dolanc's presence also puts him back in the running as a possible successor to Tito.

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Dolanc is the chief spokesman for those in the Yugoslav leadership most wary of the USSR; he recently indicated Soviet policies toward the Yugoslav party in the 1930s. His speech on May Day was unusually frank in view of the sensitive internal deliberations taking place regarding Tito's trip to the USSR. Moscow has long considered Dolanc to be "anti-Soviet." As Tito's senior party aide, Dolanc will be there to remind Tito of previously established Yugoslav policy should President Brezhnev introduce new proposals--as he did in 1976.

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Like Dolanc, Foreign Minister Vrhovec is openly critical of Soviet foreign policies. Because he is not a member of the party Presidium, his inclusion in the delegation is at variance with the party-to-party description of the visit that the Yugoslavs have used. Tito has canceled his three-day vacation in the Crimea, and the delegation will remain near Moscow throughout the visit--further possible indications that Belgrade expects problems.

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//Dolanc's presence would also strengthen his standing in the party.

By taking Dolanc to Moscow, Tito in effect is restoring him to the front rank in the succession scramble. If Mikulic were the chosen candidate to succeed Tito, the trip would have been the perfect--and possibly the last--opportunity for Tito to introduce him as such to the Soviets. Earlier rumors had indicated that Mikulic would go along.

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NICARAGUA: Impact of IMF Loan

The \$66 million loan approved yesterday by the International Monetary Fund will ease Nicaragua's current financial crisis but will do little to solve long-term economic problems. In a letter of intent to the Fund, Managua committed itself to an austerity program designed to improve its balance of payments and reduce the national deficit. The program includes devaluation of the cordoba, reduced credit to the private sector, and reduced government spending. [REDACTED]

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The IMF loan will improve President Somoza's political and economic position this year and will encourage US banks--which were awaiting the decision--to refinance existing debts and grant further loans. The loan may also influence the US Export-Import Bank's decision to insure suppliers' credits for exports of agrochemicals essential for planting the June cotton crop. [REDACTED]

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The loan will ease Managua's critical foreign exchange shortage--Nicaragua's most immediate economic problem. Capital flight and excessive overseas borrowing for government development projects caused Managua to default on about \$25 million in repayments to foreign banks in the past year. Access to additional foreign exchange will permit continued funding of critical components of the federal budget. [REDACTED]

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Although IMF funds will probably grant Somoza a temporary reprieve, the austerity program does not promise to solve Nicaragua's severe economic problems. Devaluation will improve export performance but will also be inflationary as costs of essential imports rise. Credit restrictions to the private sector will lead to increases in an already high rate of unemployment in several industries. Reductions in public sector spending will not affect current National Guard operations but will inevitably require cutbacks in other areas of public spending. [REDACTED]

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NATO: Meeting of Defense Ministers

//NATO defense ministers meeting in Brussels today and tomorrow will probably be anxious to discuss the final provisions of the SALT II treaty and to reiterate the argument that West Europeans should participate in any SALT III negotiations. Some defense ministers may also take the opportunity--as several West European representatives did at a recent meeting--to warn against Soviet attempts to undermine Western solidarity at the Mutual and Balanced Force Reduction talks.// [REDACTED]

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//Theater nuclear force modernization is also likely to figure prominently in the discussions. NATO Secretary General Luns will brief the ministers who were absent from the recent Nuclear Planning Group meeting in Florida because of the rotational membership system on the group's deliberations. Because of the public outcry about nuclear matters in Denmark and the Netherlands, the Danes and the Dutch may try to dilute the language on theater nuclear forces in the ministerial guidance that the defense ministers will approve.// [REDACTED]

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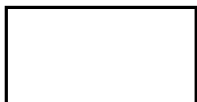
//The defense ministers will review a report on the progress of the Long-Term Defense Program. They are likely to pledge increased cooperation in the development of air-delivered and nonguided antiarmor weapons systems and future advanced antiship missiles. The West European ministers will also reexamine the progress of European and NATO arms production cooperation efforts in the Euro-group and the Conference of National Armaments Directors. [REDACTED]

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//The Allies plan to focus special attention on the question of NATO infrastructure funding. The West Europeans have agreed to provide facilities for stockpiling equipment for American units earmarked for rapid movement to Western Europe in wartime, but several of the Allies would like to reduce the amount of money allocated for these projects. The Italians believe that the proposed allocation is too large, but they seem inclined for the time being to pay their share. The Belgians are determined to have their share reduced, and Turkey and Portugal are seeking a readjustment on the grounds of economic hardship. [REDACTED]

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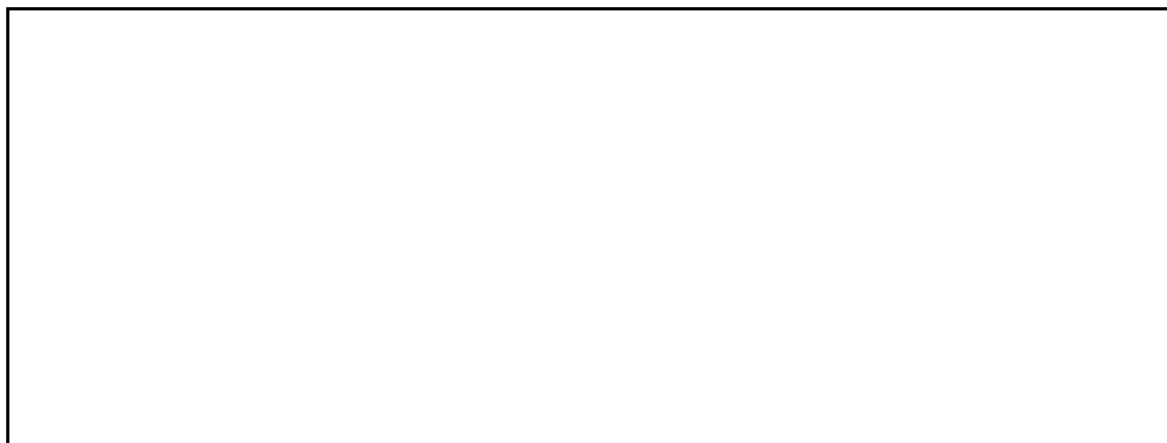
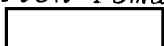


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EGYPT: Arms Industry

It is unclear what effect the announced dissolution of the Arab Organization for Industrialization will have on nearly \$1 billion in arms-related licensing and purchase agreements concluded on Egypt's behalf since the organization's inception in 1975. If Egypt chooses to go ahead with existing projects, it will probably seek financial support through renegotiation of contract terms or direct assistance from the US or Western European countries. It is unlikely to meet the organization's payment schedules by redirecting its own funds, although this option remains should foreign assistance not materialize.

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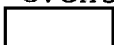


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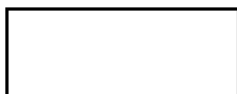
In the four years since the organization was formed, Egypt's arms production plants have been completely refurbished, although development of a sophisticated arms industry that would satisfy Egypt's military needs and eventually those of other Arab nations remains in doubt.

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SPECIAL ANALYSIS

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USSR: The Growing Muslim Population

[REDACTED]

Rapid population growth among those minority groups in the USSR that retain some elements of their Muslim heritage--and the declining growth rate among Slavs--present Soviet authorities with a complex of long-term problems for which they seem to have few ready answers. Despite the fact that many Soviet Muslims do not attend mosques, most of them do retain Muslim cultural values and form distinct Muslim communities. They will be responsible for nearly all the net increase in the Soviet working-age population in the 1980s, but cultural barriers will reduce their potential contribution to the economy. For decades, Soviet leaders have tried to foster the assimilation of the Muslims into the dominant Slavic culture, but most Muslims are still poorly equipped for life outside their homelands. Studies by Soviet sociologists suggest that a fundamentalist form of Islam may be on the rise in some Muslim areas. [REDACTED]

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The USSR, with 45 million to 50 million Muslims, has the fifth largest Muslim population in the world. The Soviet census of 1970 enumerates 37 distinct groups of Muslims. (Census data for this year on Soviet nationalities will be published late in the year or early next.) The Uzbeks, with a population exceeding 10 million, are the largest group; next in order are the Tatars, Kazakhs, and Azerbaidzhanis, each with more than 5 million; four other groups, the Tadzhiks, Turkmen, Kirgiz, and Bashkirs, number between 1.5 million and 3 million each. [REDACTED]

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Most Soviet Muslims speak Turkic languages. The Tadzhiks (the largest non-Turkic people) and a number of smaller groups speak languages related to Persian. The mountaineers of the Caucasus speak various unique languages. [REDACTED]

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Except for the Tatars and Bashkirs, all of the major Muslim peoples live in Central Asia and the Caucasus. To the north, a continuous chain of mountains and deserts separates the Muslim region from the rest of the USSR. To the south, almost the entire frontier from Turkey to Mongolia is inhabited by Muslims. Most of the Muslim homelands in this region are now accorded some degree of political recognition--as union republics, antonomous republics, or antonomous oblasts. [REDACTED]

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The Muslims are the fastest growing segment of the Soviet population. Preliminary results of the 1979 census suggest that Muslim groups now make up 18 percent of the Soviet population, up from 14 percent in 1970. By the year 2000, from a quarter to a third of the population--75 million to 100 million people--will be Muslims.

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For centuries, Russian rulers have promoted the migration of Slavs to the Muslim areas. Most Slavs settled in towns and cities; most Muslims have always lived in the countryside. This pattern is beginning to change as more and more young Muslims seek opportunities in the cities, but many urban areas in the Muslim regions are virtual Slavic enclaves, and most rural areas are overwhelmingly Muslim. There is very little cultural interaction between the two communities. Few Slavs bother to learn the Muslim languages, and barely a fifth of the Muslims report a fluent command of Russian--to the census-taker--this after decades of Soviet attempts to make the Muslims bilingual. [REDACTED]

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In general, Muslims receive poorer quality education than Slavs. Muslim youths lag behind their Slavic counterparts in vocational and technical training as well as in higher education. In 1970, the proportion of Muslims with advanced degrees was 40 percent below the national average. [REDACTED]

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Muslim Manpower

Only in the Muslim region is the labor pool expected to grow during the 1980s. Agricultural manpower needs are stable and Muslims are reluctant to take available industrial jobs. Despite the attraction of higher wages, the Muslims generally refuse to migrate to labor-short areas where the weather is cold and the culture Slavic.

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A growing number of Soviet economic planners now recognize that the jobs must be brought to the Muslims if their labor surplus is to be exploited. This would require a drastic change in industrial location policy and major shifts in regional capital investments, neither of which could be accomplished without considerable political infighting and pork-barreling. The language and technical training of the Muslim workforce would have to be upgraded, and this would be expensive. []

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Muslim males will account for an ever-increasing share of the draft-age population--probably more than one-third by the year 2000. Muslims in the military, particularly those from Central Asia, now tend to be relegated to pick-and-shovel jobs. As the Muslim proportion of the draft-age population continues to grow, there will be increasing difficulty in finding personnel with sufficient technical training to handle sophisticated military hardware. Existing communication and discipline problems will multiply as long as many Muslims have a poor command of Russian, and most military units are commanded by Slavs. []

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Trends and Prospects

Soviet Muslims try to maintain their traditional ways; Islamic rituals for major life events are widely observed. Most Soviet Muslims belong to the Sunni sect of Islam; among the major groups, only the Azerbaiddzhanis are Shias. In the USSR, the distinction between the two sects has blurred; over the years, Muslim solidarity against the Slavs has taken precedence over what is now regarded as a minor sectarian disagreement. []

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For nearly 60 years, Soviet leaders have carried on a strong campaign against Islam. During the first decades after the revolution, the Muslim clergy was persecuted and religious practices among believers were harshly repressed. Since 1941, the Soviet Muslim community has been organized under four regional Muftiats, which direct the functioning of the official Islamic establishment. Every effort has been made to convert the official Islamic hierarchy into a tool of the regime.

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As of 1978, there were fewer than 1,000 registered clerics, only about 400 working mosques, and two religious schools (in Bukhara and Tashkent). [REDACTED]

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A more vigorous and fundamentalist form of Islam, however, may be growing in the Soviet Muslim region paralleling trends elsewhere in the Muslim world. Some evidence points to the revival of Sufi brotherhoods, clandestine orders that were instrumental in leading major revolts against the tsarist and early Soviet regimes. In attempting to suppress these "fanatical" brotherhoods, the government has demonstrated its concern that a resurgence of Islamic fundamentalism could in time spark serious political unrest. [REDACTED]

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There appears little immediate danger of this. Many Soviet Muslims are aware of developments in Iran but Western observers have been unable to measure the impact these events have had in Central Asia and the Caucasus. Active protest organizations are limited to two small Muslim groups, the Crimean Tatars and the Meskhetian Turks, both of which seek to return to the homelands from which they were exiled by Stalin. The regime can be expected to deal forcefully with any anti-Russian violence similar to that which occurred in recent years in several Central Asian cities. [REDACTED]

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